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## NYSE WILL TRADE STOCKS IN DOLLARS AND CENTS, OXLEY CLAIMS WIN FOR INVESTORS, **DECLARES "THE EIGHTH IS DEAD"**

**WASHINGTON---**Chairman Michael G. Oxley (R-Findlay) says investors are the winners in today's New York Stock Exchange (NYSE) action committing to dollars-and-cents stock trading by January, 2000.

NYSE will move immediately to trading increments of 16ths as an intermediate step and will have its decimal software ready by the end of 1997. NASD and the regional exchanges are also making progress toward decimals. Oxley praised the decision as pro-consumer and pro-competition.

"This is a big move by the big board," Oxley said.

Oxley, chairman of the Finance Subcommittee, has led the move in Congress to press for dollars and cents pricing with U.S. Rep. Edward J. Markey (D-MA). They are supported by Commerce Committee Chairman Thomas J. Bliley (R-VA). Since the introduction of H.R. 1053, the Common Cents Stock Pricing Act, the nation's three major stock exchanges have moved to 16ths, with NYSE now setting a date certain for decimals.

Oxley will study the exchange's decision and monitor its progress.

The practice of trading stocks in fractions dates to the late 1700s, when trading was done under an oak tree and one-eighth of a Spanish dollar was the common currency. Oxley commented on the outdated system,

"The eighth is dead. We'll begin a new millenium with a new decimal system that will make our markets more competitive in the world."

The U.S. is the only major nation still trading in fractions.

The move ensures Oxley's goals for the U.S. markets: simpler trades; better deals for anyone buying or selling stocks; and greater competitiveness.

Regarding the simplicity of dollars-and-cents pricing, Oxley said,

"Finally, the financial page will make sense. No more hunching over your calculator to figure out fractions."

A mandated minimum spread of, for example, 12.5 cents punishes investors and rewards traders. Narrower spreads from decimal pricing will benefit American investors between \$1 and \$2.5 billion annually. Oxley said,

"Dollars and cents pricing means consumers will be crossing the finish line to their financial goals sooner. Every investor is a winner on Wall Street today."

## Statement of the Honorable Michael G. Oxley Chairman, Subcommittee on Finance and Hazardous Materials Regarding Decimal Stock Trading June 5, 1997

The eighth is dead!

As you all know, the New York Stock Exchange has announced its decision to move to decimal pricing. They will go to sixteenths as an interim, begin trading in decimals by the end of the year, and be fully decimalized by January 2000.

In fact, I expect them to beat that date and be fully converted in about 18 months.

This is a big move by the Big Board.

I've spoken with Frank Zarb of the NASD who tells me that he's getting very positive feedback from his member firms on going to decimals between 1999 and 2001.

I spoke with Fred Moss of the Cincinnati Stock Exchange this morning, and they are enthusiastic about moving quickly.

Clearly, the other markets will follow suit. To fail to do so would put them at a competitive disadvantage, because decimal trading is being demanded by investors, who want more readable stock tables, as well as narrow spreads and the savings they entail.

Economy-wide, the transition to decimals will save investors \$1 to \$2.5 billion dollars a year.

Dollars and cents pricing means consumers will be crossing the finish line to their financial goals sooner. Investors large and small are the winners today.

I commend all the markets for their responsiveness.

Needless to say, I am convinced that our bill to bring decimals to Wall Street is responsible for this happening sooner rather than later. Who thought, when we introduced my bill less than three months ago, that every market would be converting to sixteenths, and that the NYSE -- not generally known for its openness to change -- would be leading the way on decimals.

For our part, the Subcommittee will continue to monitor the conversion closely to be sure the New York and others live up to their statements.

I want to thank Ed Markey for his cosponsorship and support, and Chairman Tom Bliley for his leadership. I'd also like to thank other key cosponsors, including Representatives Gillmor, Crapo, Largent, Boucher, Ganske, Furse, Stearns, Sawyer, Brown, Norwood, Coburn and Eshoo.